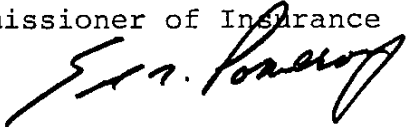




EARL R. POMEROY
COMMISSIONER OF INSURANCE
STATE OF NORTH DAKOTA
STATE CAPITOL
BISMARCK, NORTH DAKOTA 58505
701 - 224 - 2440

BULLETIN 85-10

TO: All North Dakota Licensed Agents
FROM: Earl R. Pomeroy, Commissioner of Insurance
DATE: November 29, 1985
SUBJECT: Deceptive and Misleading Advertising
by Agents and Companies



It has come to my attention that several policy illustrations (particularly life insurance and annuity sales proposals) have been illustrated at much higher interest rates than what is actually being paid by their companies.

Unfair methods of competition and unfair or deceptive acts or practices are defined below under Section 26.1-04-03 of the North Dakota Century Code.

The following are unfair methods of competition and unfair and deceptive acts or practices in the business of insurance:

1. Misrepresentations and false advertising of policy contracts. Making, issuing, circulating, or causing to be made, issued, or circulated, any estimate, illustration, circular, statement, sales presentation, omission, or comparison misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon, or making any false or misleading statements as to the dividends or share of surplus previously paid on any insurance policies, or making any misleading representation or any misrepresentation as to the financial condition of any person, or as to the legal reserve system upon which any life insurance company operates, or using any name or title of any policy or class of policies misrepresenting the true nature thereof, or making any misrepresentation tending to induce the lapse, forfeiture, exchange, conversion, or surrender of any insurance policy or for the purpose of effecting a pledge or assignment of or effecting a loan against any insurance.
2. False information and advertising generally. Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly,

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to be made, published, disseminated, circulate, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to the business of insurance or with respect to any person in the conduct of that person's insurance business, which is untrue, deceptive, or misleading.

This Department will actively pursue sanctions against any agent or company for knowingly illustrating or proposing interest rates, interest assumptions, or dividends at a higher rate than what the company for which the illustration is presented is actually offering.

Agents are requested to report possible violations to the North Dakota Insurance Department.